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ARGUS CORPORATION LIMITED

AR48

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS JANUARY 9, 1968

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of ARGUS CORPORATION LIMITED will be held in the Board Room, National Trust Company, Limited, 21 King Street East, Toronto, Canada, on Tuesday, the 9th day of January, 1968 at the hour of 12.00 o'clock noon (Eastern Standard Time) for the following purposes:

- (1) To receive the financial statements of the Company for the fiscal year ended November 30, 1967, together with the reports of the directors and auditors thereon;
- (2) To elect directors;
- (3) To appoint auditors;
- (4) To transact such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

DATED at Toronto this 15th day of December, 1967.

BY ORDER OF THE BOARD,
H. H. EDMISON,
Secretary.

NOTE: If you are the holder of common shares of the Company and are unable to attend the meeting personally, please sign and return the enclosed instrument of proxy in the envelope provided for that purpose.

INFORMATION CIRCULAR

The information contained in this circular is furnished in connection with the solicitation of proxies by the management of ARGUS CORPORATION LIMITED (hereinafter sometimes called the "Company") for use at the Annual Meeting of Shareholders of the Company to be held on the 9th day of January, 1968 in the Board Room of National Trust Company, Limited, 21 King Street East, Toronto, Canada at the hour of 12.00 o'clock noon (Eastern Standard Time), for the purposes set forth in the foregoing notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company. The cost of solicitation will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only holders of common shares without par value of the Company will be entitled to vote at the meeting. Each holder of a common share of the Company of record at the time of the meeting, is entitled to one vote for each such share held. As at November 30, 1967, 1,692,736 common shares of the Company were outstanding.

Meadowbrook Holdings Limited beneficially owns 674,600 common shares of the Company, which represents 39.85% of the outstanding equity shares of the Company.

Canadian General Investments Limited beneficially owns 170,000 common shares of the Company, which represents 10.04% of the outstanding equity shares of the Company.

ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: David G. Baird, T. N. Beaupré, George M. Black, Jr., J. G. Campbell, H. J. Carmichael, W. C. Thornton Cran, A. L. Fairley, Jr., P. M. Fox, A. Bruce Matthews, Thomas G. McCormack, John A. McDougald, D. A. McIntosh, Allen A. McMartin, Maxwell C. G. Meighen, E. P. Taylor and Albert A. Thornbrough.

The term of office for each such person will be until the next annual meeting or until his successor is appointed. In the event that prior to the annual meeting any vacancies occur in the slate of nominees submitted herewith it is intended that discretionary authority shall be exercised to vote the proxy for the election of any person or persons as directors.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Present Principal Occupation</u>	<u>Year first became a Director</u>	<u>Approximate number of common shares beneficially owned directly or indirectly as of Nov. 30, 1967</u>
DAVID G. BAIRD, Partner, Baird & Co., (Member, New York & American Stock Exchanges)	1945	1
T. N. BEAUPRÉ, Chairman of the Board and President, Domtar Limited, (Pulp & Paper, Chemical & Construction Products).....	1964	100
GEORGE M. BLACK, JR., Business Consultant.....	1951	169,125
J. G. CAMPBELL, President, Canadian Breweries Limited, (Brewing Company).....	1967	550
H. J. CARMICHAEL, Retired, formerly First Vice-President, Conroy Manufacturing Co. Ltd., (Manufacturer of Automobile Parts).....	1945	26
W. C. THORNTON CRAN, President, Standard Radio Limited, (Radio Broadcasting).....	1967	550
A. L. FAIRLEY, JR., President, Hollinger Consolidated Gold Mines, Limited, (Mining Company)	1965	100
P. M. FOX, Chairman of the Board, The Great Lakes Paper Company, Limited, (Pulp & Paper Company).....	1956	100
A. BRUCE MATTHEWS, Chairman of the Board, The Excelsior Life Insurance Company, (Life Insurance Company).....	1964	1,000

<u>Name and Present Principal Occupation</u>	<u>Year first became a Director</u>	<u>Approximate number of common shares beneficially owned directly or indirectly as of Nov. 30, 1967</u>
THOMAS G. McCORMACK, President, Dominion Stores Limited, (Chain Supermarkets).....	1966	25
JOHN A. McDUGALD, Chairman and President, Crown Trust Company, (Trust Company)....	1955	125
D. A. McINTOSH, Q.C., Partner, Fraser, Beatty, Tucker, McIntosh & Stewart, (Toronto Legal Firm).....	1950	600
ALLEN A. McMARTIN, Chairman of the Board, Hollinger Consolidated Gold Mines, Limited, (Mining Company).....	1962	100
MAXWELL C. G. MEIGHEN, President, Canadian General Investments Limited, (Closed-end Invest- ment Company).....	1961	1,100
E. P. TAYLOR, Chairman, New Providence Development Company Limited, (Land Development Company, The Bahama Islands).....	1945	628
ALBERT A. THORNBROUGH, President, Massey-Ferguson Limited, (Farm and Industrial Machinery). .	1966	100

NOTES:

- A. Mr. E. P. Taylor is President of the Company and a member of the Executive Committee of the Board of Directors. Mr. John A. McDougald is a Vice-President of the Company and is also Chairman of the Executive Committee of the Board of Directors.
- Mr. A. Bruce Matthews is a Vice-President of the Company and a member of the Executive Committee of the Board of Directors.
- Messrs. Beupré, Black, Fairley and Meighen are also members of the Executive Committee of the Board of Directors of the Company.
- B. Each nominee has served continuously as a director from the year when he first became a director as stated above.
- C. The following nominees in addition to the present principal occupations shown above have had the following principal occupations within the 5 years preceding November 30, 1967:
1. Mr. T. N. Beupré was Chairman and President of British Columbia Forest Products Limited, (Pulp & Paper, Lumber & Plywood Company).
 2. Mr. J. G. Campbell prior to becoming President of Canadian Breweries Limited was Executive Vice-President of that company.
 3. Mr. A. L. Fairley, Jr. was President of Dominion Steel and Coal Corporation, Limited, (Primary Steel Company).
 4. Mr. A. Bruce Matthews prior to becoming Chairman of the Board of The Excelsior Life Insurance Company was President of that company.
 5. Mr. Allen A. McMartin prior to becoming Chairman of the Board of Hollinger Consolidated Gold Mines, Limited was President of that company.
 6. Mr. E. P. Taylor was Chairman of the Board of Canadian Breweries Limited.

D. Meadowbrook Holdings Limited is the beneficial owner of 674,600 common shares of Argus Corporation Limited, which represents 39.85% of the outstanding common shares of such Company. Meadowbrook Holdings Limited is an associate of Mr. John A. McDougald and of Windfields Farm Limited, in which latter company Mr. E. P. Taylor has a substantial indirect interest.

Canadian General Investments Limited, which is an associate of Mr. Maxwell C. G. Meighen, is the beneficial owner of 170,000 common shares of Argus Corporation Limited, which represents 10.04% of the outstanding common shares of such Company.

REMUNERATION OF MANAGEMENT

During the fiscal year ended November 30, 1967 the aggregate direct remuneration paid or payable by the Company to all directors and senior officers as a group was \$73,162 and the estimated aggregate cost to the Company in the year ended November 30, 1967 of all pension benefits proposed to be paid to senior officers as a group under the Company's normal pension plan in the event of retirement at normal retirement age was \$8,070.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to re-appoint the firm of Price Waterhouse & Co., the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders.

VOTING OF PROXIES

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him and on his behalf at the meeting other than the persons designated in the enclosed form of proxy. To exercise this right the shareholder may insert the name of the desired person in the blank space provided in the proxy and strike out the other names or may submit another appropriate proxy.

The shares represented by the proxy will be voted, and where a choice with respect to any matter to be acted upon has been specified in the form of proxy the shares will, subject to Section 75f of The Corporations Act (Ontario), as amended, be voted in accordance with the specifications so made.

The form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the meeting.

It is not intended to use the proxy for the purpose of voting upon the financial statements of the Company for the year ended November 30, 1967 and the reports of the directors and auditors thereon.

A shareholder executing the enclosed form of proxy has the power to revoke it at any time before it is exercised. Section 75a (4) of The Corporations Act (Ontario), as amended, sets out a procedure for revoking proxies by the deposit of an instrument in writing at the head office of the Company or with the Chairman of the meeting.

GENERAL

The management knows of no matters to come before the meeting other than the matters referred to in the notice of meeting. However, if any other matters which are not now known to the management should properly come before the meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.

BY ORDER OF THE BOARD,

H. H. EDMISON,
Secretary.

DATED as of November 30, 1967.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

SEMI-ANNUAL REPORT

June 20, 1968.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at May 31, 1968, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1968 the indicated net asset value of each of the Company's Class C shares and common shares was \$15.29 per share, compared with \$16.21 per share as at May 31, 1967.

Income from investments during the period amounted to \$4,240,901 compared to \$4,124,874 in the corresponding period last year. Expenses (including interest of \$283,811) were \$373,543 compared to \$395,272 (including interest of \$303,891) for the same period in the previous year. Net income amounted to \$3,867,358 which compared with \$3,729,602 for the six months ended May 31, 1967. In addition to the regular dividends on the Company's Class A and Class B Preference Shares, quarterly dividends of 14¢ per share on the Class C and the common shares were paid during the period. Earned surplus increased by \$676,345 during the six months covered by the report and amounted to \$16,359,477 at May 31, 1968.

On June 6, 1968, your Company sold its entire holdings of Canadian Breweries Limited common shares for a total consideration of \$28,800,000.

Since November 30, 1967, 1,272 Class A Preference Shares \$2.50 Series and 868 Class A Preference Shares \$2.60 Series were purchased and cancelled.

A recent declaration by Standard Radio Limited increased the annual dividend rate on its common shares from 40¢ to 50¢ per share. An extra dividend payment was also made of 50¢ per share.

Mr. J. G. Campbell, President of Canadian Breweries Limited, recently tendered his resignation as a director of the Company, which was accepted with regret by your Board of Directors.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDOUGALD,
Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

BALANCE SHEET—MAY 31, 1968

(with comparative figures at May 31, 1967)

ASSETS		1968	1967
INVESTMENTS IN COMMON SHARES:			
Securities having a quoted market value, at cost (Note 1).....		\$85,089,560	\$85,089,560
(value based on market quotations as at—			
May 31, 1968—\$170,927,258			
May 31, 1967—\$180,027,338)			
CASH IN BANKS.....		67,434	65,589
SHORT TERM SECURITIES MATURING JUNE 3, 1968, at cost plus accrued interest..		447,041	—
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....		397,800	384,300
HEAD OFFICE PREMISES—Land, buildings and furnishings, at nominal value.....		1	1
		<u>\$86,001,836</u>	<u>\$85,539,450</u>
LIABILITIES			
BANK LOANS.....		\$ —	\$ 570,000
DIVIDENDS PAYABLE.....		1,184,891	1,184,891
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....		50,660	56,374
5½% SECURED NOTES SERIES C, due November 1, 1975.....		10,000,000	10,000,000
CAPITAL AND SURPLUS:			
Capital stock (Notes 2 and 3)			
Number of shares			
Authorized	Issued		
324,115			
	129,668	Class A Preference—	
	194,447	\$2.50 Series.....	6,483,400
1,000,000		\$2.60 Series.....	9,722,350
	300,000	Class B Preference—	9,825,250
6,770,944	6,770,944	Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000
10,000,000	1,692,736	Class C Participating Non-Voting Preference.....	21,644,825
		Common.....	21,644,825
			5,411,206
			<u>58,261,781</u>
Contributed surplus, realized on purchase for cancellation of Preference Shares			58,539,531
(including \$27,623 arising during the six months ended May 31, 1968).....		145,027	97,803
Earned surplus.....		16,359,477	15,090,851
		<u>74,766,285</u>	<u>73,728,185</u>
		<u>\$86,001,836</u>	<u>\$85,539,450</u>

NOTES:

- (1) On June 6, 1968 all of the company's investment in Canadian Breweries Limited was sold for a total consideration of \$28,800,000.
- (2) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- (3) During the six months ended May 31, 1968, 1,272 Class A Preference Shares \$2.50 Series and 868 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

E. P. TAYLOR, Director

JOHN A. McDUGALD, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	*A. BRUCE MATTHEWS	Toronto
*T. N. BEAUPRÉ	Montreal	THOMAS G. MCCORMACK	Toronto
*GEORGE M. BLACK, JR.	Toronto	*JOHN A. MCDUGALD	Toronto
H. J. CARMICHAEL	Toronto	D. A. MCINTOSH, Q.C.	Toronto
W. C. THORNTON CRAN	Toronto	ALLEN A. McMARTIN	Bermuda
*A. L. FAIRLEY, JR.	Montreal	*MAXWELL C. G. MEIGHEN	Toronto
P. M. FOX	Montreal	*E. P. TAYLOR	Bahama Islands
ALBERT A. THORNBROUGH		Toronto	

*Members of the Executive Committee

OFFICERS

<i>President</i>	E. P. TAYLOR
<i>Vice-President and Chairman of the Executive Committee</i> . .	JOHN A. MCDUGALD
<i>Vice-President</i>	A. BRUCE MATTHEWS
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1968 *(with comparative figures for the six months ended May 31, 1967)*

	1968	1967
Balance at beginning of period.....	\$15,683,132	\$14,559,572
Net income for the period.....	3,867,358	3,729,602
	<u>19,550,490</u>	<u>18,289,174</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	162,916	167,226
Class A Preference Shares \$2.60 Series.....	253,309	256,311
Class B Preference Shares 1962 Series.....	405,005	405,005
Class C Participating Preference Shares.....	1,895,826	1,895,825
Common Shares.....	473,957	473,956
	<u>3,191,013</u>	<u>3,198,323</u>
Balance at end of period.....	<u>\$16,359,477</u>	<u>\$15,090,851</u>

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1968 *(with comparative figures for the six months ended May 31, 1967)*

	1968	1967
Income:		
Dividends received.....	\$4,237,434	\$4,124,874
Interest earned.....	3,467	—
	<u>4,240,901</u>	<u>4,124,874</u>
Expenses:		
Salaries of officers and employees.....	30,104	29,769
Directors' fees.....	5,250	5,000
Transfer agents' and registrars' fees and expenses.....	24,024	23,883
General office and administrative expenses.....	30,354	32,729
Interest on Secured Notes.....	275,000	275,000
Bank interest.....	8,811	28,891
	<u>373,543</u>	<u>395,272</u>
Net income for the period.....	<u>\$3,867,358</u>	<u>\$3,729,602</u>

AUDITORS' REPORT

To the Directors of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1968 and the statements of earned surplus, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at May 31, 1968 and its income and expenses and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 7, 1968.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1968

(with comparative figures for the six months ended May 31, 1967)

	1968	1967
Cash in banks at beginning of period.....	\$ 62,185	\$ 60,214
Source of funds:		
Net income for the period.....	3,867,358	3,729,602
	<u>\$3,929,543</u>	<u>\$3,789,816</u>
Application of funds:		
Dividends paid.....	\$3,191,013	\$3,198,323
Purchase for cancellation of Class A preference shares.....	79,377	167,461
Bank loans reduced.....	120,000	335,000
Other.....	24,678	23,443
	<u>3,415,068</u>	<u>3,724,227</u>
Cash in banks and short term securities at end of period.....	514,475	65,589
	<u>\$3,929,543</u>	<u>\$3,789,816</u>

SCHEDULE OF SECURITIES AS AT MAY 31, 1968

(with comparative figures as at May 31, 1967)

Company	Class of shares	1968			1967	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited.....	Common	462,500	12.4%	\$ 7,168,750	462,500	\$ 9,134,375
Canadian Breweries Limited (see Note 1 to the balance sheet).....	Common	2,400,000	11.0%	19,500,000	2,400,000	18,000,000
Dominion Stores Limited....	Common	1,900,000	23.5%	34,200,000	1,900,000	33,250,000
Domtar Limited.....	Common	2,475,000	16.8%	22,275,000	2,475,000	38,671,875
Hollinger Consolidated Gold Mines, Limited.....	Common	800,000	16.3%	23,600,000	800,000	19,200,000
Massey-Ferguson Limited...	Common	1,980,000	10.9%	38,115,000	1,980,000	44,302,500
Standard Radio Limited.....	Common	537,495	48.3%	26,068,508	537,495	17,468,588
				<u>\$170,927,258</u>		<u>\$180,027,338</u>

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

ANNUAL REPORT

December 16, 1968.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at November 30, 1968, the statement of income and expenses and the statement of source and application of funds for the year ended on that date. Also shown are comparative figures for the previous year.

As at November 30, 1968 the indicated net asset value of each of the Company's Class C shares and common shares was \$20.13 per share, compared with \$13.62 per share as at November 30, 1967.

Income from investments during the period amounted to \$8,657,106 compared to \$8,295,123 in the previous year. Expenses (including interest of \$559,449) were \$755,674 compared to \$778,845 (including interest of \$595,095) for the previous year. Net income amounted to \$7,545,432 which compared with \$7,516,278 for the year ended November 30, 1967. Earnings on the Class C and common shares amounted to 69.8¢ per share, compared to 69.3¢ per share in the previous year. Dividends of 56¢ per share (14¢ per quarter) were paid on the Class C and the common shares during the year.

Earned surplus increased by \$18,909,498 during the year and amounted to \$34,592,630 at November 30, 1968. This included the profit of \$17,743,116 realized in June, 1968, on the sale of the Company's holdings of Canadian Breweries Limited common shares.

Your Company made the following common share purchases during the six months period ended November 30, 1968: 37,500 shares British Columbia Forest Products Limited, 25,000 shares Domtar Limited, 100,000 shares Hollinger Mines Limited and 120,000 shares Massey-Ferguson Limited.

Purchased and cancelled during the year were 2,610 Class A Preference Shares \$2.50 Series and 1,930 Class A Preference Shares \$2.60 Series.

Mr. J. N. Swinden, the General Manager of the Company, was elected to the Board of Directors in September, 1968.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDUGALD,
Vice-President.

JOHN A. McDOUGALD, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. MCCORMACK	Toronto
*T. N. BEAUPRÉ	Montreal	*JOHN A. McDUGALD	Toronto
*GEORGE M. BLACK, JR.	Toronto	D. A. MCINTOSH, Q.C.	Toronto
H. J. CARMICHAEL	Toronto	ALLEN A. McMARTIN	Bermuda
W. C. THORNTON CRAN	Toronto	*MAXWELL C. G. MEIGHEN	Toronto
*A. L. FAIRLEY, JR.	Montreal	J. N. SWINDEN	Toronto
P. M. FOX	Montreal	*E. P. TAYLOR	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>President</i>	E. P. TAYLOR
<i>Vice-President and Chairman of the Executive Committee</i>	JOHN A. McDUGALD
<i>Vice-President</i>	A. BRUCE MATTHEWS
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1968

(with comparative figures for the year ended November 30, 1967)

	1968	1967
Balance at beginning of year	\$15,683,132	\$14,559,572
Net income for the year	7,545,432	7,516,278
Profit on securities sold	17,743,116	—
	<u>40,971,680</u>	<u>22,075,850</u>
Dividends:		
Class A Preference Shares \$2.50 Series	324,055	332,213
Class A Preference Shares \$2.60 Series	505,420	510,932
Class B Preference Shares 1962 Series	810,010	810,010
Class C Participating Preference Shares	3,791,652	3,791,650
Common Shares	947,913	947,913
	<u>6,379,050</u>	<u>6,392,718</u>
Balance at end of year	<u>\$34,592,630</u>	<u>\$15,683,132</u>

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED NOVEMBER 30, 1968

(with comparative figures for the year ended November 30, 1967)

	1968	1967
Income:		
Dividends received	\$7,815,312	\$8,295,123
Interest earned	841,794	—
	<u>8,657,106</u>	<u>8,295,123</u>
Expenses:		
Salaries of officers and employees	64,756	62,609
Directors' fees	10,250	10,750
Transfer agents' and registrar's fees and expenses	49,647	48,017
General office and administrative expenses	71,572	62,374
Interest on Secured Notes	550,000	550,000
Bank and other interest	9,449	45,095
	<u>755,674</u>	<u>778,845</u>
Income from operations	7,901,432	7,516,278
Income taxes	356,000	—
Net income for the year	<u>\$7,545,432</u>	<u>\$7,516,278</u>

AUDITORS' REPORT

To the Shareholders of

ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at November 30, 1968 and the statements of earned surplus, income and expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at November 30, 1968 and the results of operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

Toronto, December 6, 1968.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED NOVEMBER 30, 1968

(with comparative figures for the year ended November 30, 1967)

	1968	1967
Cash in banks at beginning of year	\$ 62,185	\$ 60,214
Source of funds:		
Net income for the year	7,545,432	7,516,278
Increase in income taxes payable	355,550	—
Sale of investments	28,776,000	—
	<u>\$36,739,167</u>	<u>\$7,576,492</u>
Application of funds:		
Dividends paid	\$ 6,379,050	\$6,392,718
Purchase of investments	6,492,141	—
Purchase for cancellation of Class A preference shares	170,331	318,610
Bank loans reduced	120,000	785,000
Other	13,128	17,979
	<u>13,174,650</u>	<u>7,514,307</u>
Cash in banks and short term securities at end of year	<u>23,564,517</u>	<u>62,185</u>
	<u>\$36,739,167</u>	<u>\$7,576,492</u>

SCHEDULE OF SECURITIES AS AT NOVEMBER 30, 1968

(with comparative figures as at November 30, 1967)

Company	Class of shares	1968			1967	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited	Common	500,000	13.5%	\$ 14,125,000	462,500	\$ 7,978,125
Canadian Breweries Limited	Common	—	—	—	2,400,000	17,700,000
Dominion Stores Limited	Common	1,900,000	23.5%	32,300,000	1,900,000	30,875,000
Domtar Limited	Common	2,500,000	17.0%	30,937,500	2,475,000	25,368,750
Hollinger Mines Limited	Common	900,000	18.3%	30,600,000	800,000	21,700,000
Massey-Ferguson Limited	Common	2,100,000	11.6%	48,562,500	1,980,000	32,670,000
Standard Broadcasting Corporation Limited	Common	2,687,475*	48.2%	32,585,634	537,495	21,231,053
				<u>\$189,110,634</u>		<u>\$157,522,928</u>

*Gives effect to a 5 for 1 Split of Common Shares in July, 1968.

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

